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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

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COUNTRY China

DATE:

INFO. 9-29 April 1947

SUBJECT Economic Information: French Loan for Completion of Chungking-Chengtou Railway

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SUPPLEMENT

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ORIGIN

1. On 9 April 1947, a conference was held in Nanking between the Minister of Communications, General YU Ta-wei, and French interests concerning a proposed French loan for the construction of the Chungking-Chengtou Railway. The minutes of the meeting indicate that the proposed loan is approximately US \$10,000,000. 25X1X

2. The Central Government has a two-fifths interest in this proposed railway, the balance being held by the Szechuan Provincial Government and private Szechuan parties. 25X1A

[REDACTED] note: The following article appeared in Ta Kung Pao, Tientsin, on 28 January 1947:

"Szechuanese Objects to Construction of Railway
by Bureaucratic Capital

(Correspondence from Chengtu)--Szechuan people in this city recently organized a "Chengtou-Chungking railway rights protection committee" to protest against the monopolistic development of the projected railway between Chengtu and Chungking by the Kweichow-Szechuan Railway Company, allegedly a representative of the bureaucratic capital of the China Reconstruction Banking Corporation.

They charge the reconstruction officials of the province with selling the railway rights of the people to high government officials to curry their favor and advocate the setting up of a new control company embodying both government and private capital, which will float bonds so that all investors in the project will have a share in the profit and management of the future line.

They demand that President Chiang fulfill his promise of providing funds from the National Treasury for the construction of this line as well as the trunk lines of the railways in the southwest, and request the Central Government to pay the Szechuan-Hankow Railway its bank deposit at the Communications Bank, which is valued at about several hundred billions at present, to finance the building of the line.

(Correspondence from Chungking)--The Communications Ministry has approved a \$10,000,000 fund for the construction of the Chengtu-Chungking line in the current year.

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Next Review Date: 2008

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Yu Ta-wei, Minister of Communications, has taken a great interest in the project. It is understood that the railway authorities have reached a preliminary agreement with a representative of the French banking group for provision of a loan and construction materials. The representative has gone back to his country to consult with interested banking circles there and will return to China for the signing of the agreement after an exchange of views with those quarters."

An Agence France-Presse report from Hanking, appearing in the China Press on 21 April 1947 stated that Vice-Minister of Communications, LING Tung-hsun, denied that the agreement had been signed, but that negotiations for a loan to finance the construction of the line were continuing.

The following article appeared in the Shanghai Evening Post and Mercury on 30 April 1947:

"Paris, April 29 (Reuters) - The French Foreign Ministry today confirmed reports that France at present was negotiating a loan to China for the construction of a new railway linking Chengtu with Chungking.

The loan will be the equivalent of US \$20,000,000 and will be paid partly in dollars and partly in French francs."

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